

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1950 - HB 1926

March 5, 2014

SUMMARY OF BILL: Authorizes the Tennessee Housing Development Authority (THDA) to establish a loan program for the payment of property taxes to persons 62 years of age or older or disabled persons of low or moderate income meeting certain requirements. Requires the loans to be registered with the register of deeds and secured as a secondary lien on the property. Requires interest rates to be no greater than 10 percent, and sets the maximum amount for all loans by the agency at \$250,000 per year and granted on a first come, first served basis.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – Exceeds \$163,900

Increase State Expenditures – Exceeds \$149,000

Increase Local Revenue – Exceeds \$149,000

Assumptions:

- According to information provided by THDA, the agency assumes a median home price of \$159,000, an average statewide property rate of \$3.75, and anticipates making 100 loans per year.
- Using these estimates, the average loan would be \$1,490 $\{[(\$159,000 \text{ median home price} \times 25\% \text{ residential assessment rate})/100] \times \$3.75 \text{ average property tax rate}\}$.
- The provisions of the bill are estimated to increase state expenditures exceeding \$149,000 (\$1,490 per loan x 100 loans per year).
- The loans will be made for payment of property taxes or delinquent property taxes, which will be paid to local governments, resulting in an increase in local government property tax revenue exceeding \$149,000 (\$1,490 per loan x 100 loans per year).
- According to information provided by THDA, the agency anticipates collecting a 10 percent administrative fee for operating the program. After repayment of all loans administered, this will result in an increase in state expenditures exceeding \$163,900 (\$149,000 total loan payments x 110% administrative fee collected).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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